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Message Text

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ACTION EB-07

INFO OCT-01 AF-08 EUR-12 ISO-00 COME-00 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 DODE-00 FEAE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00

ACDA-07 /109 W
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R 201028Z SEP 76
FM AMEMBASSY SOFIA
TO SECSTATE WASHDC 1759
INFO USDOC WASHDC
AMEMBASSY BELGRADE
AMEMBASSY BUCHAREST
AMEMBASSY HELSINKI
AMEMBASSY MOGADISCIO
AMEMBASSY MOSCOW
AMEMBASSY STOCKHOLM

C O N F I D E N T I A L SOFIA 1991

DEPT FOR EB, AF/E, EUR/EE, EUR/SOV

E.O. 11652: GDS
TAGS: ENRG, EINV, BU
SUBJECT: WESTINGHOUSE-BULGARIAN PARTNERSHIP IN SOMALIAN URANIUM

1. SUMMARY: WESTINGHOUSE OFFICIALS ARE PROBING EE COUNTRIES AND SOME NEUTRAL WESTERN EUROPEAN COUNTRIES IN SEARCH OF A POSSIBLE PARTNER TO EXPLOIT URANIUM RESOURCES IN SOMALIA. ALTHOUGH EE COUNTRIES ARE NOT IDEAL PARTNERS, EXPECTATION IS THAT THIS WOULD AT LEAST FORESTALL SOVIET OPPOSITION TO WESTINGHOUSE INVOLVEMENT AND COULD EVEN LEAD MOSCOW TO USE ITS INFLUENCE WITH SOMALIS TO SUPPORT THE VENTURE. END SUMMARY
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2. AT MEETING WITH EMBOFFS WESTINGHOUSE (WH) OFFICIALS SEPT 17 DISCUSSED POSSIBILITIES OF COOPERATION BETWEEN WH AND BULGARIA TO DEVELOP URANIUM DEPOSITS IN SOMALIA. SOVIETS HAVE NOT EXPLOITED THIS RESOURCE, DISCOVERED 6-7 YEARS AGO, BUT GIVEN TIES BETWEEN SOMALIA AND USSR AND LESS THAN FAVORABLE USG-GOS RELATIONS WH IS CONCERNED THAT ANY SOLO ATTEMPT TO EXTRACT URANIUM MIGHT RESULT IN EXPROPRIATION AND OR OTHER LOSSES FOR THEIR INVESTMENT.

3. WH THUS IS SEEKING EE OR NEUTRAL COUNTRY PARTNER FOR JOINT VENTURE TO EXTRACT AND PROCESS ORE. WH HOPES TO HAVE THREE WAY VENTURE, WITH WH PROVIDING CAPITAL AND TECHNOLOGY, SOMALIA PROVIDING RAW MATERIAL, AND THIRD PARTNER PROVIDING ENGINEERING, LABOR AND SOME NON-SPECIALIZED EQUIPMENT. WH SHARE OF INVESTMENT WOULD BE ABOUT $50 MILLION. COMPEN-SATION WOULD BE IN REFINED URANIUM WHICH COULD BE USED BY THE PARTNER AS DESIRED. HOWEVER, WH IS WILLING IN PRINCIPLE TO PURCHASE SOMALIAN SHARE AND WOULD POSSIBLY BE WILLING TO DO SAME FOR THIRD PARTNER SHARE.

4. COUNTRIES APPROACHED BY WH INCLUDE SWEDEN, FINLAND, YUGOSLAVIA, ROMANIA, AND BULGARIA. ACCORDING TO WH, ALL HAVE NECESSARY TECHNICAL ABILITY. MAJOR QUESTION IS WHICH WOULD BE (A) BEST BUSINESS PARTNER; (B) MOST ACCEPTABLE TO SOMALIA; AND (C) BEST FOR REDUCING CHANCE FOR UNFAVORABLE ACTION BY USSR EITHER NOW OR AT SOME FUTURE DATE.

5. WH HAS DISCUSSED GENERAL IDEA WITH MARKO BALDZHIEV, DEPUTY DIRECTOR OF FTO BULGARGEOMIN (RESPONSIBLE FOR THIRD COUNTRY MINING OPERATIONS) WHO, TAKEN BY SURPRISE, ASKED THAT DETAILED DISCUSSION BE RESERVED FOR FUTURE MEETING. BALDZHIEV PROMISED PRELIMINARY RESPONSE WITHIN 15-20 DAYS.

6. COMMENT: BALDZHIEV'S DISCOMFORT IS NOT SURPRISING. GOB UNDOUBTEDLY WOULD WANT TO SOUND OUT
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SOVIET ATTITUDES BEFORE GETTING INTO SERIOUS DISCUSSION WITH WESTINGHOUSE.
FELDMAN

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